

HARDWARE



PRODUCT MOVEMENT AUDIT

Spend More

(Continued from page 46)
which reflects the item's popularity as an advertised item.

The second most popular security item on this audit was also by Harlock, the slightly higher-priced UR-700 with an average retail of about \$13.

In electrical, 10% of our business this year has come from wiring devices, extension cords, plugs, receptacles and switches.

The best-selling item in the category in this audit was a 100-ft. extension cord from Carol Cable. Almost 1,400 pieces were sold during the period on promotions. Average retails were just under \$15.

It's really one of the best-turning items in the department. In fact, although we carry a fairly broad assortment of cords, there are really only 10 to 12 that do a significant amount of volume; the others are more of an accommodation.

In electrical, another 10% of our business comes from batteries.

We have seen steady growth in this area over the last year and a half, most of it the direct result of the steadily growing popularity of battery-driven appliances and popular consumer electric products like personal portable stereos.

One other electrical-related area that's done extremely well for us is in the area of television accessories.

Sales of the top five ranking items represent nearly \$69,000 in retail volume.

It reflects increased customers' willingness and sophistication in tackling electrical do-it-yourself projects.

K mart Matching Employees' Gifts

TROY, Mich.—K mart has begun matching employees' gifts to higher educational and cultural institutions.

Under the new program, the company will match gifts on a dollar-for-dollar basis up to \$1,000 per employee per year.

The educational institutions eligible under the matching grant program include accredited, four-year, degree-granting colleges and universities and two-year junior or community colleges.

Eligible cultural organizations include museums, public television and radio stations, orchestras, opera, theater and dance groups, cultural centers, libraries, art funds, zoos, botanical gardens and historical organizations.

Bernard M. Fauber, company chairman, commented, "We view gifts to educational and cultural programs as investments in our individual communities. We all benefit from support of educational, historical and cultural facilities."

This Month Nostalgia Quiz Answer: Bradlees, Harold Frank, Robert J. Levin.

\$ Rank	Item	Unit Movement	Average \$ Retail	Total \$ Movement
LOCKS				
1	Harl T-700 US3 Entry Mdl	4,865	9.84	47,881.33
2	Harl Ur 700-M-DL US3 Entry	882	13.15	11,594.77
3	Mast 1500D Comb Padlock	3,138	3.29	10,324.02
4	Harl T-700-M-DL US5 Entry	803	10.43	8,375.29
5	Mast 22D Padlock 112	4,122	1.82	7,502.4
6	Harl UJ 700-M-DL US5 Entry	524	13.76	7,211.29
7	Mast 500D Padlock 134	2,676	2.34	6,256.49
8	Harl T-100 US3 Passage PB	1,149	5.19	5,967.91
9	Idel SK600 Knob Lock	940	5.88	5,527.20
10	Harl T-200 US3 Bedroom Pb	912	5.94	5,413.63
11	Idel 45-3024 Nite Latch	917	5.73	5,250.74
12	Slay 95002 Lam Padlock	2,604	1.85	4,812.19
13	Mast 7D Padlock 118	1,134	3.99	4,524.66
14	Mast 1D Padlock 134	786	5.71	4,489.63
15	Idel SK85 Pneumatic Close	942	4.48	4,220.16
PLUMBING				
1	Meld 1501 Basket Strainer	5,660	1.55	8,781.49
2	Meld 14206 6" Plunger	4,977	1.45	7,216.65
3	Meld 18016 6" Fem X Fem	2,008	3.58	7,191.65
4	Meld 1603 Ballcock Brass	590	10.95	6,459.03
5	Meld 3525 Shower Massage	365	17.21	6,282.20
6	Meld 1422 Super Plunger	1,639	3.26	5,347.24
7	Meld 1619 Flapper Ball	3,467	1.41	4,876.34
8	Meld 1600 Toilet Tank Kit	734	6.50	4,768.06
9	Meld 360 Executive Head	1,030	4.50	4,629.85
10	Meld 19012 Sink Strainer	732	6.25	4,574.63
11	Meld 361 Guardsman W Adj	569	7.48	4,257.26
12	Meld 1601 Ballcock Plasti	939	4.48	4,207.19
13	Meld 1661 Survo-Flush Val	786	4.71	3,704.03
14	Meld 1408 Plumb Repair Kit	1,926	1.90	3,658.44
15	Meld 312 Rubber Bth Spray	1,740	2.09	3,633.12

\$ Rank	Item	Unit Movement	Average \$ Retail	Total \$ Movement
CAULKS, SEALANTS, ADHESIVES & LUBRICANTS				
1	Duro Supl Super Glue	17,370	1.02	17,630.55
2	Bord E701 Wood Glue 8 oz	9,216	1.81	16,704.00
3	Dap 6 oz Kwikseal Tubclk	8,360	1.93	16,122.26
4	Kraz 240CD Krazy Glue	15,600	1.02	15,834.00
5	Dap 11465 Acry Latex Clk	6,075	2.07	12,596.51
6	Dap Rely-On Latex Tube	9,930	1.15	11,374.82
7	GE 2567-012 Caulk Clear	1,960	5.21	10,202.78
8	Bord E702 Wood Glue 16 oz	3,280	3.09	10,130.28
9	Dap Acryl Latex W Si Lic	3,350	2.71	9,083.53
10	Dap Qt Vinyl Spakl Paste	2,511	2.93	7,354.72
11	Bord E379 Elmers Glue 8 oz	5,315	1.36	7,244.35
12	GE 361 Seal Clear	2,416	2.89	6,971.37
13	GE 2567-712 Tub Clk Wht	1,304	5.21	6,787.97
14	Darw J20 Cart. Polyseamsl	1,998	3.26	6,518.48
15	Duro CC9 Contact Cement	6,348	1.02	6,443.22
MISCELLANEOUS HARDWARE				
1	Ferm #500 8x10 Shelf Brakt	11,681	0.54	6,307.74
2	Ferm #500 6x8 Shelf Brakt	13,488	0.42	5,664.96
3	Ferm #500 10x12 Shelf Brakt	4,873	0.86	4,166.42
4	USM 203 Glue Gun	335	11.10	3,718.50
5	USM K110 Pop Rivetool	373	9.84	3,670.32
6	USM 220 All Purp Glue	1,288	2.24	2,878.68
7	Wesl 810B Coat Hook Brass	2,135	1.16	2,465.93
8	USM CD4SD Molly Fastner	2,119	0.99	2,097.81
9	USM CD-1S Molly Fastner	2,800	0.74	2,058.00
10	USM CD4SLD Molly Fastner	1,690	1.10	1,850.55
11	USM S-42 Rivets Steel SH	1,420	1.17	1,661.40
12	Faul 10x27x5 88Z Wheel	120	13.71	1,645.20
13	Modn 35118 Galvanized Wir	996	1.52	1,508.94
14	Faul 121-2-1 2 HD Casters	308	4.86	1,496.88
15	Stan 84-107 8" slp Jt Pli	338	4.37	1,475.37

Source: Schreiber, hard goods distributor, Lititz, Pa., for Feb. 1-June 30, 1984. The firm covers 600 discount stores in 19 mid-Atlantic and East Coast states. Average retail prices reflect typical price points for discount chains.



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DISCOUNT TOY CHAIN CENSUS

'84 Outlook: Fewer Chains, More Sales

Nationwide DSN Report

Fewer toy chains are expected to pump out more sales this year than ever.

Toy discounters will account for nearly \$3 billion in sales in 1984, approximately one-third of total domestic toy volume.

Although the economy shows some signs of slowing, toy discounters appear to be oblivious to it. With an unprecedented number of popular toys on the market and a drastic decrease in video-related products, toy chains enjoyed an excellent first half.

Toys "R" Us, at the end of its first quarter, saw a 36% increase to \$247 million compared to \$182 million for the same period last year. Comparable toy store sales gained 22.1%. Net earnings in the quarter nearly doubled to \$9,637,000 compared to \$5,357,000 last year. Second-quarter figures were not available at presstime.

Cole National, thanks to lowered losses of its Child World chain, reported a profit in the opening months of this year for the first time since acquiring the toy retailer. First-quarter profits were \$269,000 vs. losses of \$610,000 for the same period last year.

As the two major toy selling seg-

Toy Chains on Expansion Kick

Chain, Hq. State	Fiscal 1983 Sales (millions)	Number of Units			Avg. Store Size (Sq. Ft.)
		1/83	1/84	1/85	
Toys "R" Us (N.J.)	\$1,319	144	169	199	25,000
Child World (Mass.)	360	79	90	104	25,000
Kay Bee (Mass.)	281	361	456	516	3,500
Lionel Leisure (Pa.)	198*	50	53	54	25,000
Circus World (Mich.)	72	140	180	190	3,500
Playworld (N.Y.) ^b	15	9	6	6	20,000
Playland (Ga.) ^b	19	30	40	53	2,900
K & K Toys (Va.)	28*	60	69	87	3,200
Toy King/Toys and Gifts Outlets (Fla.)	26*	45	65	83	2,500
Karl's Toys (Calif.)	15	18	20	23	6,000
Hobby Center (Ohio)	9	24	27	N.A.	3,000

*Operated in Chapter 11

^bOwned and operated by Greenman Bros

*DSN estimate

N.A.—Not available
Source: DSN research

ments—freestanding supermarkets and mall stores—vie for their separate consumer audiences, all toy merchants are hoping the momentum will continue through to the second half, where over 50% of sales occur. Armed with this current optimism, toy chains in both segments are poised to expand in their specific strongholds.

Toys "R" Us is planting the seeds for

international expansion. With a move into Canada this fall, a British invasion slated for 1985, and start-ups in Singapore and the Middle East, the chain is well on its way to the \$2 billion sales level.

Currently 200 units strong in 27 states, accounting for one-eighth of total United States toy sales, TRU will open 30 new domestic units this year.

Industry analysts predict the chain will own 25% of the domestic toy market within the next five years.

Kids "R" Us, its children's apparel offspring, has yet to cash in on the mini-baby boom. Although KRU lost an undisclosed amount of money last year, the chain is expected to grow to 10 units by year's end. Another 15 debuts are on tap for 1985.

Child World, the nation's second-largest toy chain, has put all plans on hold while its parent company, Cole National, is in the midst of a leveraged buyout headed by Kohlberg, Kravis, Roberts and Co.

The latter and a group including Jeffrey Cole, president of Cole National, will acquire the company for approximately \$308 million, or \$39 a share. Cole, who currently owns 15% of the company, will have the option to buy 21% of the newly formed concern. Kohlberg, Kravis, Roberts and Co., will be granted an option to acquire about 16.5% of the voting power of the new company.

Child World, with 90 units, is anticipating sales of almost a half billion dollars for 1984, up from \$360 million last year.

(Continued on page 61)

Toy Outlet Stores: A New Discount Breed

(Continued from page 7)

At Kay Bee, president Howard Kaufman has steered clear of the outlet mall concept because he, unlike Fette, feels toy outlet stores in malls do compete directly with freestanders. "I think the outlets position themselves as mini-supermarkets: They are going up against Child World and Toys "R" Us but with much less of a selection and much less space."

Kaufman also suspects that most factory outlet malls are bad locations that failed and were repositioned as outlets which are also destined to fail.

Two other specialty store operators, Orlando-based Toy King and Virginia-based K & K, each launched 2,500-sq.-ft. to 3,500-sq.-ft. outlet stores during the past three years and plan to continue to add them.

In outlet malls, tenants pay as little as half the rent paid in traditional malls; stock an increased amount of closeout items to help keep price points sharp, and spend very little on in-store decor.

Toy King appears the most enamored of the outlet store format. Over the past three years the company has poured all of its expansion efforts into its Toys and Gifts Outlets. Since 1981 the company has opened 40 outlet stores in Florida, Tennessee, Kentucky, Virginia, North Carolina, South Carolina, Oklahoma and Texas.

Some 40% of the merchandise in the Toys and Gifts Outlets are closeout goods bulk stacked on the selling floor. The rest are current goods discounted by an average of 25%, according to Fette. The stores stock "everything from nickel party favors to gym sets and trampolines," he said.

As a rule the outlets don't have high-priced electronics items. However, "If we get a good deal for a closeout we'll buy it," Fette added. As a result, the inventory is constantly changing in the stores.

This fall the three-year-old operation will invest in a print advertising campaign for the first time, Fette said. At presstime, he wasn't certain how much the company would spend on ad-

vertising for the fall/winter seasons.

K & K's Toy Outlets is a two-year-old operation, now made up of three 3,500-sq.-ft. to 4,000-sq.-ft. outlets in North and South Carolina. Rent for the outlet locations run \$6 to \$7 per square foot as opposed to a minimum of \$12 for traditional mall sites, according to president Kenneth Perry, senior.

Margins in those stores are identical to the 40% margins won in the chain's regular specialty stores, he added. Margins are so high because the outlets stock more closeouts and fewer loss leaders (items advertised on TV), Perry explained.

"We carry the same quality of goods but we don't dress up the stores," Perry added. "Basically we just come in with some paint brushes and we're in business."

A Closer Look

One of the first outlet mall operators to tackle toys was Housewares Plus, which started with Distributor Outlets in Reading, Pa., five years ago. The stores dedicate a third of their 7,500-sq.-ft. selling floor to toys. Unlike Toy's and Gifts Outlets or Toy Outlets, Housewares Plus focuses on the manufacturer.

"We carry everything Fisher-Price makes," said company president Jeff Brok. Right now the chain carries the complete line of Fisher-Price as well as Playskool toys—all goods for the preschooler. Brok is hoping soon to expand his offerings with items from Hasbro and Little Tikes. He plans to expand the six-store chain, now operating in Pennsylvania, New York and Virginia, at a rate of two to four outlets a year.

Unlike the newer outlets that focus on all toy categories, Housewares Plus sinks 3% of its sales into advertising, organizes its merchandise by manufacturer, matches any lower price, and concentrates on depth.

"When we run an ad we stock 80 to 100 of each item per store. The only time we run out is in those crazy two weeks just before Christmas," Brok said.

Display is more like a specialty store than an outlet at Housewares Plus. All goods are placed on gondolas that pile items up 9 or 10 ft. Stackouts are seldom used.

The newest toy outlet store, Toy Chest, will debut in October in Asheville, N.C. Founder Kevin Banks is a former sporting goods store manager who is patterning his 6,000-sq.-ft. store after Toys "R" Us.

"The size of the store is double that of any of the competition in this area," he explained. If all goes well he will in-

crease selling space a year down the road.

Banks feels his concept will work because it works for Toys "R" Us and the market (with some 53,000 people) would never attract direct competition from the giant chain.

On paper, Banks' plans would result in a \$21,000 profit after one year, but, after factoring in the uncontrollable costs that may come up, he expects to be in the red after one year of operation. It will probably take two years to make a profit, he conceded.



Playland Selection Runs Gamut

Playland, Valdosta, Ga., like many of the upscale toy chains, offers the best of both worlds, featuring promotional video game cartridges up front while also carrying collectible dolls, displayed in glass cases, deeper in the 3,500-sq.-ft. store.

(DSN photo)

Outlook: Fewer Chains, More Sales

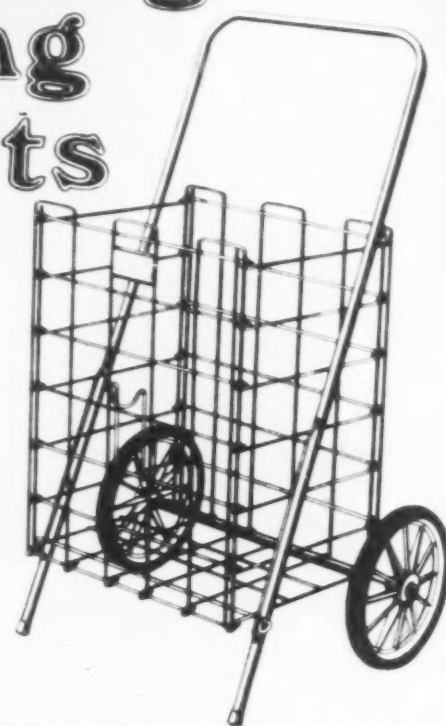
Persistent rumors of the Petrie Stores acquiring toy giant Toys "R" Us have been repeatedly denied. Petrie owns 25% of TRU.

Toy King of Orlando, Fla., and, to a lesser degree, K&K Toys, are also growing. Both of these chains are ducking the flow of competition, choosing instead to concentrate their debuts in factory outlet malls. Paying half the enclosed mall rent and stocking a large amount of closeout items, up to 40%, to keep price points sharp, the outlets have targeted shop-

Hoping to jump on the baby boom bandwagon like TRU and Child World, Lionel is currently testing children's apparel in 12 of its units.

"It's not just for patio or pool," declared Poe, who promoted a 12-piece set for \$15 once, and promotes open stock quarterly at 30% off. "Promotions boost volume by 50%, including volume pickups for weeks afterward when people return to fill in."

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Tabletop

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NUK

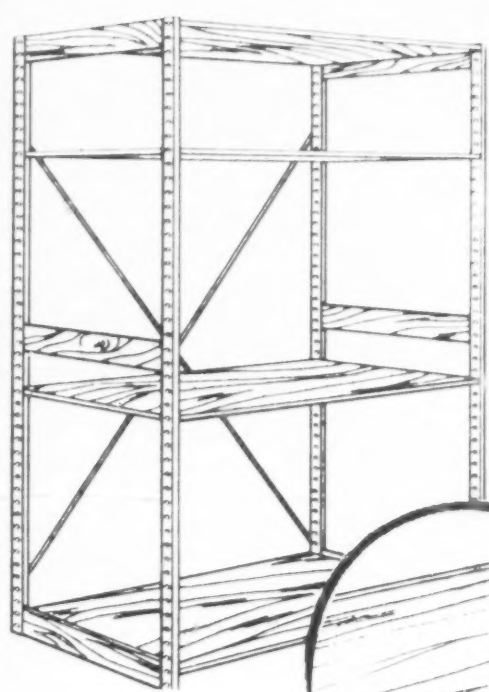
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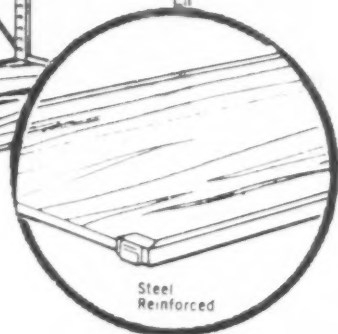
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Toys "R" Us and Child World Shrank TV Ad Outlays in 1983

NEW YORK — Television advertising expenditures by the top two toy chains dropped last year, according to the Television Bureau of Advertising (TvB).

Product shortages that plagued the toy industry may have contributed to those reduced expenditures. Out-of-stocks and failed deliveries of hot items including Trivial Pursuit and Cabbage Patch dolls kept many chains from advertising those sure sellers.

Toys "R" Us, which opened 25 stores in '83, spent \$744,600 less on television advertising last year than in 1982. All told, the company spent \$23,123,000 or 1.7% of sales on advertising both Toys "R" Us and Kids "R" Us in all media last year. Television spending accounted for 42% of that total ad budget.

Child World, the second largest volume producer among toy specialty retailers, spent \$422,700 less on television advertising in 1983. That was part of the

Leading Toy Chain TV Advertisers in 1983

Chain	1982	1983
Toys "R" Us	\$10,528,600	\$9,784,000
Cole National	3,120,000	2,677,300
Child World	1,719,000	1,612,300
Children's Palace	1,401,000	1,065,000
Lionel	909,300	2,387,700
Kiddie City	307,200	1,296,700
Playworld	602,100	1,091,000
Kay Bee	437,900	838,100

Source: Television Bureau of Advertising from Broadcast Advertisers Reports (BAR) data. Most co-op activity is credited to the manufacturer.

chain's strategy for the year, rather than a reaction to product shortages during the fourth quarter, said chain vp of marketing Jack Mueller.

Although product shortages were a minor factor, Mueller said Child World's strategy for

1983 called for a cut in television spending and an increased investment in print ads to help build consumer awareness of the chain's 11 new stores that year. Last year the chain spent \$7.92 million or 2.2% of its \$360 million in sales on advertising in print and broadcast media.

This year, an expanded advertising budget will allow the chain to continue its increased use of print and also re-establish a heavy push in television with institutional ads.

Lionel Leisure, which is still reorganizing to get out of Chapter 11, increased its television advertising spending by \$1,478,400 during 1983. That represented a 262% rise from the previous year. In 1982 Lionel closed more than 30 stores. During 1983 the chain added three units.

Kay Bee increased its television advertising expenditure by 191% last year. The rise is tied to its aggressive expansion strategy, which put 95 additional Kay Bee stores in operation last year.

May Splits Stock, Asks More Shares

ST. LOUIS — May Department Stores has declared a 3-for-2 common stock split, and proposed to increase the number of authorized shares of common stock and to authorize a new class of preferred stock, all subject to stockholder approval.

Starting in December, the annual dividend rate on the new common stock, after the split, would be \$1.72 per share, the equivalent of \$2.58 per share on a presplit basis. This represents a 7.5% increase in the annual dividend rate from the current \$2.40 per share.

The proposed charter amendment would increase the number of authorized shares of common stock from 60 million to 100 million, authorize a new class of preferred stock which could be issued upon terms and conditions determined by the board of directors, and eliminate preemptive rights.

David C. Farrell, president and ceo, said, "This action reflects our confidence in the ongoing success of our business plan and the continued growth of the May Company. As we announced to shareholders at our annual meeting June 15, May expects that 1984 will be its 10th consecutive year of record sales and earnings. Business is and continues to look excellent, and it is our intention that the shareholders continue to be the direct beneficiaries of that growth."

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SEPTEMBER 3, 1984

First-Half Sales, Earnings

Company	Sales (in millions)		Net Earnings (in millions)	
	1984	1983	1984	1983
K mart	\$9,229.1	\$8,614.0	\$202.4	\$162.3
Federated Dept. Stores ^a	3,395.8	3,031.6	70.8	83.6
Gold Circle/Richway	468.4	434.1	N.A.	N.A.
Dayton Hudson	3,315.8	2,839.6	67.5	58.5
Target	1,507.2	1,380.0	N.A.	N.A.
Mervyn's	885.5	685.9	N.A.	N.A.
Wal-Mart	2,744.0	1,954.0	102.6	68.9
May Dept. Stores	1,991.4	1,745.5	64.5	51.2
Venture	392.2	324.4	N.A.	N.A.
Associated Dry Goods ^a	1,747.7	1,525.5	23.4	20.8
Caldor/Loehmann's	680.6	501.6	N.A.	N.A.
Zayre Corp	1,327.1	1,091.9	23.0	15.6
Zayre Stores	924.9	791.4	39.6*	23.5*
Hil or Miss/T. J. Maxx	402.1	299.9	19.3*	19.1*
Service Merchandise	615.3	535.4	8.7	7.9
Roses	410.8	356.8	9.5	7.8
Heck's	201.6	188.6	1.9	3.1
Pic 'N' Save	99.3	87.3	14.2	12.0
Mars Stores	25.8	16.2	0.3	0.2

^a Operating income. N.A.—Not available. ^a—Excludes sales of supermarkets and sales of Bull-ock's northern California division, which is being liquidated. ^b—Includes 1983 results of sold divi-sion, Stix, Baer & Fuller.

Source: DSN research.

Chains See Sales Cooling Only a Bit

Nationwide DSN Report

Discounters see sales growth moderating in the second half—but only slightly—as consumer spending cools from 1983 levels that produced hard-to-beat record results for the chains.

Despite the slowdown, top executives at the chains remain optimistic 1984 will finish with healthy results even if it takes a

more aggressive pricing and ad-vertising posture.

"Frankly, I'm somewhat surprised at the strength of the continuing buying patterns we're seeing," said Peter Harris, president of Gemco, the southern California member-ship chain. "Though that explo-

(Continued on page 58)

Wal-Mart Will Open 90 Stores In Florida Within Next 3 Years

By LARRY CARLAT

BENTONVILLE, Ark. — Florida will play a key role in Wal-Mart's expansion plans, with 90 stores due to open in the Sunshine State within the next three years.

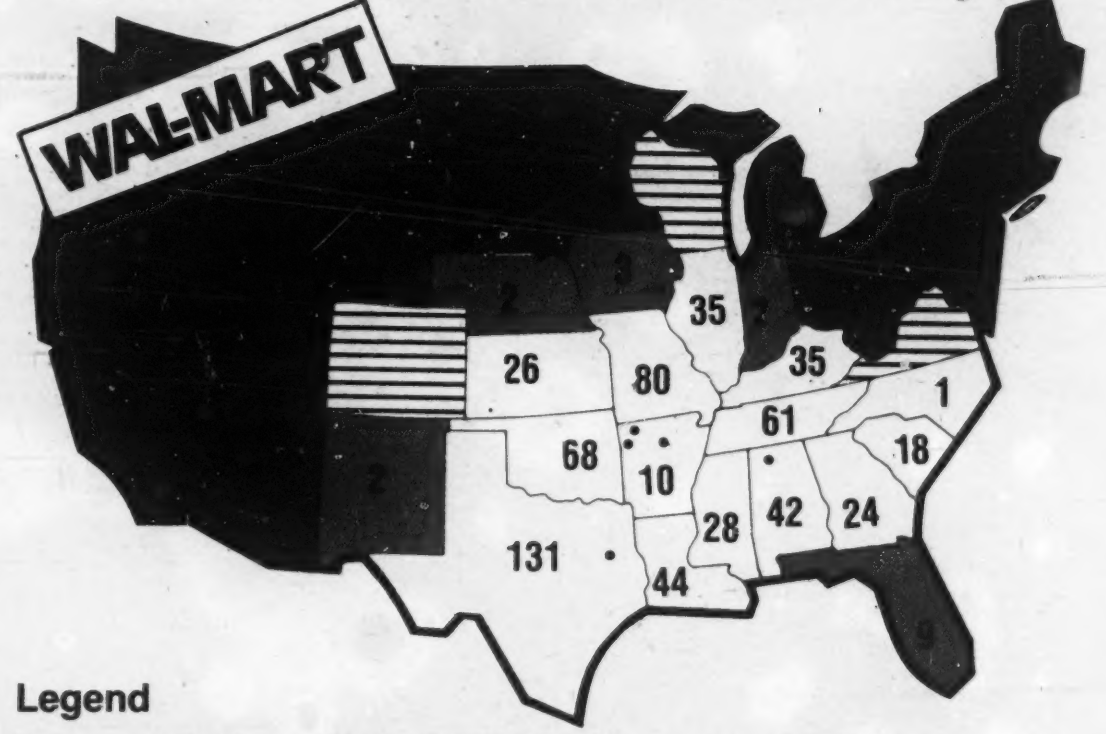
Explosive growth in the southeastern state will be supported by the chain's seventh distribution center, due to open next year in southern Georgia. A chain spokesman wouldn't reveal the exact location "until the deal is finalized," but industry sources point to Thomasville, 30 miles from Tallahassee and already home to over 35 retailer DC's, as a likely location.

Virginia and Wisconsin will be two new entries for the 685-unit Bentonville-based chain, both logical extensions of its continuing efforts to fill the gaps in its current 19 state trading area. The chain projects 850 stores by the end of 1985.

On Wal-Mart's western fringe, the discounter will continue to solidify its 131-store presence in Texas, by moving west into, among other towns, El Paso in the fall.

Venturing further west, the chain recently bought options on land in Ruidoso, N.M. Industry observers also noted Wal-Mart has been very active in Colorado, where the chain has yet to set up shop. New Mexico and Nebraska, both bordering Colorado, have been slated for future growth.

These 685 Wal-Marts to Be 850 by '86



Legend

Figures indicate number of Wal-Mart stores in each state.

- ▨ — New state entries.
- — Targeted growth territory.
- — Current trading area.

*—Distribution center

Source: DSN research

Overall, this growth program will make Florida Wal-Mart's second largest infiltration, after Texas, the chain's most saturated state.

The discounter will debut 20 stores in Florida this year, all within the next three months and will add another 20 in 1985, according to Tom Seay, senior vice president, real estate and construction for the chain. Seay stated Wal-Mart could have up

to 100 units in operation in the state by mid-1986.

"We're looking at the east and west coasts of Florida. The whole state is wide open to us," he said.

The two most recent debuts, in Fort Myers, on the west coast, and Okeechobee, on the east coast, are the chain's deepest southern penetration of the state. Nine Wal-Mart stores

(Continued on page 57)

Digest

Sept. 3, 1984

CE MAGAZINE

• How discounters are capitalizing on the skyrocketing consumer electronics field is explored in *CE Magazine* (pp. 19-26). Chains examined are Child World (p. 19); The Federated Group (p. 19); Hills (p. 20); Lafayette (p. 23), and Bradlees (p. 24).

CATALOG SHOWROOM CENSUS

• The catalog showroom industry—contracted but financially stronger—will increase its growth rate this year with 87 new showrooms planned by the top 50 chains (p. 3). DSN's annual census (pp. 29-42) includes special articles on the growth directions of Best Products (p. 29); Service Merchandise (p. 30); Consumers Distributing (p. 31), and H. J. Wilson (p. 35).

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Automotive	45, 50
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Hardware	4
H&BA	11

New Customs Regs Seen Killing \$1B in Yule Sales

WASHINGTON — Retailers expect to lose at least \$1 billion in Christmas sales if scheduled country-of-origin apparel import regulations are enforced by the U.S. Customs Service starting Sept. 7.

That projection was made at presstime by Robin Lanier, legislative representative for the National Retail Merchants Association (NRMA). Other retail associations including National Mass Retailing Institute (NMRI) and Retail Industry Trade Action Coalition (RITAC) were working to get that effective date lifted.

Discounters were convinced that their organized opposition through associations, mounting opposition by domestic and foreign trade groups, and Customs' inability to clarify the terms of the new regulation would lead to a postponement of that Sept. 7 effective date.

The new regulation is aimed to stop foreign clothing makers who have a quota in one country from shipping apparel made partly in a second foreign country to United States clients. Even if the effective date is

lifted, discounters claim the U.S. Government's long-term intent to change quota regulations is too radical for retailers to assess. The general consensus is that fewer items will be imported and consumers will pay more for apparel—even in discount stores.

"They've rattled our cages to get our attention and let us know they're serious," said Malcolm L. Sherman, president of Zayre Stores.

"They will probably lift the effective date, give us more time to respond, then institute a much more understandable law." There is no question the American consumer will pay for all this, he added.

Sources point to Customs' inability to clarify or interpret the specifics of the ruling. "One big question is whether the law applies to piece goods [unfinished] or finished goods shipped before that date," explained Lanier. "Even if goods were shipped before Sept. 7, the receiver still has to prove it."

Lanier's projected \$1 billion in sales lost because of embar-

(Continued on page 58)

IN BRIEF

- HRT INDUSTRIES, PARENT OF ZODYS DISCOUNT stores, agreed at presstime to sell all its 83 Shoe Stop store sites to Volume Shoe, for an undisclosed sum of cash, on Aug. 31.
- K MART AND ACTRESS JACLYN SMITH HAVE AGREED on a line of fashion wear to bear her name.
- A NUMBER OF ALEXANDER'S STOCKHOLDERS HAVE filed lawsuits against the discounter in an attempt to block a proposed \$27.75-a-share acquisition of the retailer by a group of investors that includes Interstate Properties and the Bass family of Texas. Interstate holds 14.3% of Alexander's stock and the Bass family 13.5%. Alexander's said talks on the acquisition would continue.

Whitlock to Crash Pittsburgh With 3 Auto Stores This Fall

WHITE PLAINS — Whitlock, nearly doubling its chain-wide expansion pace to nine units in 1984, will enter the Pittsburgh market this fall with three 18,000-20,000-sq.-ft. retail auto parts stores.

The expansion to 83 stores by year's end will help propel Whitlock's fiscal 1984 sales to more than \$90 million, up from last year's \$75 million level, said William J. Fox, chairman.

The Pittsburgh units, slated for three close-in suburbs, are part of Whitlock's National Auto Stores subsidiary, which is expected to be Whitlock's

fastest-growing component in 1985. The new stores will bring National's roster to 26, mark its first bow outside of upstate New York markets and continue its trend toward deeply stocked "superstores" which typically carry 20,000 sku's in 12,000 sq. ft. of selling space.

Since 1981, said Fox, Whitlock has closed its poorest performing 3,000-5,000-sq.-ft. National stores, enlarged others and opened 18,000-20,000-sq.-ft. units to boost store productivity.

Although National's most re-

(Continued on page 57)

Small Catalogers Get Into Expansion Act

By ARTHUR MARKOWITZ

The catalog showroom industry's expansion isn't limited to just the big chains; 10 small operations, each of which has only one to three showrooms, and most with volume under \$10 million, plan to open new stores in the last half of the year.

One small operator, John Greenan and Sons, opened its third showroom last month. Value House will unveil its fourth this month. Next month, Myers Catalog Showroom, U.S. Merchandise and Brand Distributors (Va.) will each debut their fourth store, and Richlen, J. Treisman and Brand Distributors (North Wilkesboro, N.C.) their third each.

Imperial House will relocate one of its two showrooms to a larger facility at the end of this month or in early October. Walkenhorst will move its only store this month to a higher-traffic location.

Value House is an \$18 million chain, while U.S. Merchandise's volume is \$12 million. The other eight each have sales under \$10 million.

Common considerations cited by executives of the 10 chains in their expansion plans included tailoring the size of the new showrooms to specific market needs and holding down expenses through such means as recycling stores.

These smaller operators are able to be profitable against much larger chains because of such factors as: greater focus on jewelry, more personalized cus-

tomers service that maintains shopper loyalty, and faster response to changing merchandising trends in their markets. They offer new items sooner and are quick to reduce prices as manufacturer costs go down.

Imperial House will open a larger showroom in Gainesville, Fla., to draw from the greater traffic flow that will be generated from an adjacent mall. In order to hold down rent, Myers will unveil a scaled-down store in Cockeysville, Md., in a major regional shopping center. Except for U.S. Merchandise, all the new units will be included within each chain's current advertising umbrella to hold down costs.

The specific expansion moves include John Greenan's opening of a 4,600-sq.-ft. showroom in Burtonsville, Md. The showroom is located in the Briggs Chaney Plaza strip center that has a supermarket, a drug store and a 24-hour medical center as the other key units.

The scaled-down store will display and stock all jewelry and about 40% of the top-selling nonjewelry found in the Paul Schultz Catalogs book. Goods not warehoused in the new showroom will be supplied to customers within a day from the headquarters store in Silver Springs, Md.

Value House's new 23,000-sq.-ft. Albuquerque, N.M., showroom will be located in that city's fast-growing northwest

(Continued on page 30)

Leading Catalogers Speed Up Growth

Sales Rank	Chain (Hq. and Coordinator)	Showroom \$ Sales* (millions)		\$ Net Profit (millions)		Showrooms		
		Last Completed Fiscal Year	Previous Completed Fiscal Year	Last Completed Fiscal Year	Previous Completed Fiscal Year	As of January 1984	As of December 1983	Openings Projected 1985
1	Best Products (Va.)† (Independent)	2,081.3	1,581.7	37.1	28.8	196	204	10
2	Service Merchandise (Tenn.)‡ (Independent)	1,458.1	1,195.3	44.9	31.6	158	175	20
3	H. J. Wilson (La.)‡ (Independent)	514.4	458.2	8.8	5.6	79	79	0
4	Consumers Distributing (N.J.)‡ (Independent)	369.7	309.0	(0.5)*	3.8*	134	171	25
5	Carlson Cos. (Iowa) (Creative)	279.0	306.0	N.A.	N.A.	62	67	5
6	L. Luria & Son (Fla.)‡ (Independent)	145.2	123.8	7.0	5.6	30	35	4
7	Gordon Jewelry (Tex.)‡ (Independent)	141.7	142.2	14.9*	16.3*	49	57	5
8	W. Bell (Md.) (Independent)	138.0	125.4	N.A.	2.7	18	18	3
9	Jewelcor (Pa.)‡ (Jewelcor)	121.2	120.7	7.5*	6.7*	24	25	1
10	McDade (Ill.) (MAI)	105.0	100.0	N.A.	N.A.	7	8	0

(Continued on page 29)

Top 50 Operators to Open 87 New Showrooms in '84

Nationwide DSN Report
A contracted but financially stronger catalog showroom industry will speed up its growth this year, with the top 50 chains poised to open 87 showrooms.

Most of the new-store growth will occur among the top 20 chains, which are scheduled to unveil 78 new showrooms this year, compared to the 54 they opened in 1983.

The 50 leading catalogers

project 101 new showrooms in 1985, with the top 20 due to open 85.

The dominant position that the top 20 hold in the showroom industry is also evident on the volume side, with those catalogers accounting for \$5.9418 billion or 75% of the total industry's volume of \$7.9 billion.

The showroom industry's growth this year reflects both the improved national economy

and a fine-tuning of merchandising to place greater emphasis on such higher-margin categories as jewelry and giftware.

At the same time, a growing number of catalogers have selectively gone after traffic-building merchandise areas like domestics, computers and—in a small but growing number of cases—apparel.

Apparel, in fact, could be

(Continued on page 29)

Inspired by Success With Antifreeze

More Early-Season Chemical Promos Are Scheduled by Some Auto Buyers

Nationwide DSN Report

Some automotive buyers are attempting to get out of the weather forecasting business.

They will begin promoting their winter chemicals earlier in the season in an effort to drive "planned purchases" by consumers, removing some of the category's weather dependency. That charge is being led by their success over the last several years in making antifreeze more of a year-round business—peaking in deep summer and the dead of winter, but heavily promoted in spring and fall.

When the chains launch their antifreeze promotions this fall—beginning this month—some ad space will be shared with windshield solvents, dry gas, spray de-icer and starting fluid. Beginning promotions for those

items have historically waited for late October or November.

"You can't create the weather, and this business will always be influenced by how severe it gets," said Dave Hart, chemicals buyer for Guarantee Auto. "But, we're trying to get as many early purchases as possible so that if it's a mild winter,

See related story, p. 45.

we're not stuck with inventory."

The full line of winter chemicals will be included in all of the 55-store Indiana specialty chain's weekly ROP newspaper slots beginning at the end of September. Additionally, they'll be included in the chain's monthly tabs running from now until the season ends in Febru-

ary. Winter chemicals will also be featured on at least one front tab page in September, October or November, Hart said.

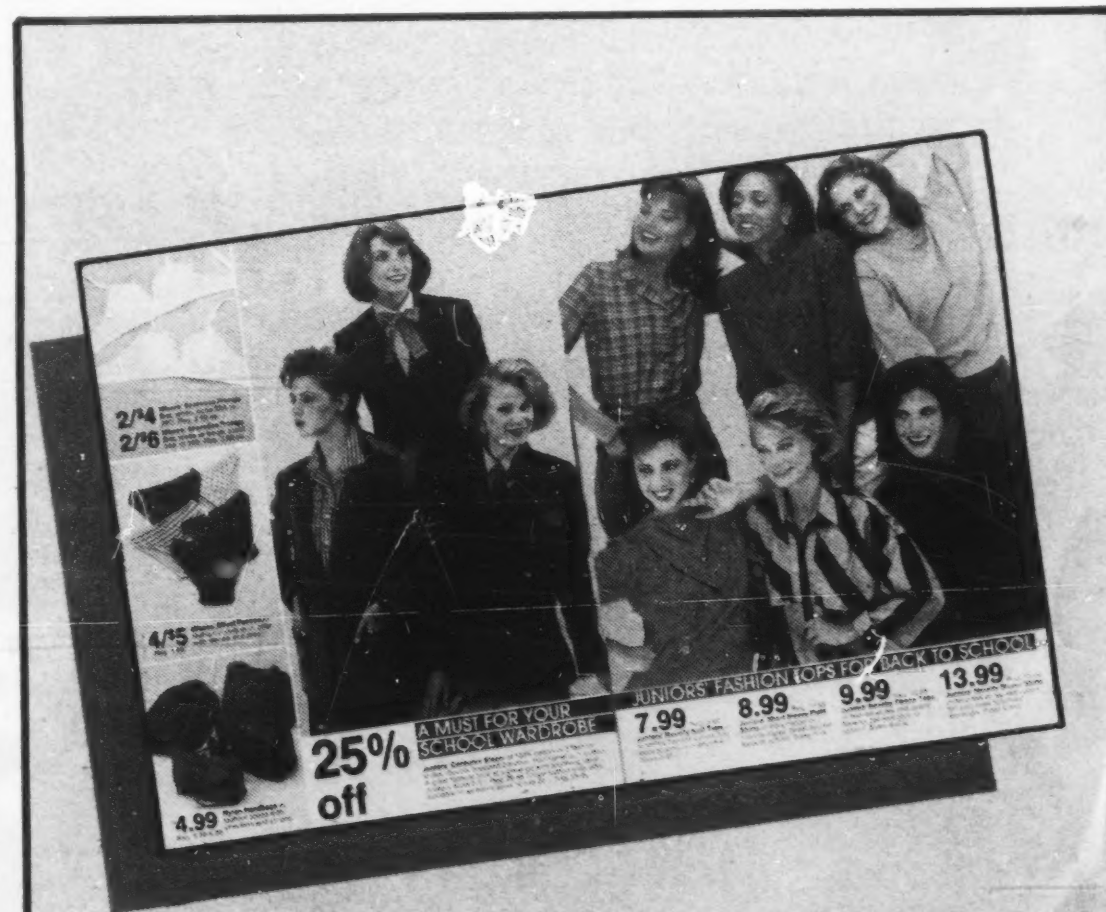
That ad strategy should also enhance the chain's own buying practices for winter chemicals. Rather than projecting increases or decreases on the basis of weather-related guesswork, Hart uses the previous year's unit sales as a base for current ordering. Sixty per cent of the prior year's total is initially ordered for September, with one or more midseason orders placed on the basis of actual sales and developments in the weather.

Hart said that through a combination of direct buys and use of distributors, the chain can replenish its shelves within 10-18 days of placing an order.

The early push into the full line of winter chemicals should also help margins somewhat, Hart indicated. While margins on the highly promotional antifreeze remain stuck in a range of 5%-15%, profits on the other items go as high as 25% on ad. He expects the category to produce 20% margins overall.

Heck's, whose stores extend from Ohio and Pennsylvania south to North Carolina, will use a similar strategy, according to buyer Dick Robinson. Twice-monthly ads will begin this month in the chain's newspaper tabs; though antifreeze will continue to dominate the space in the early period, some items, such as windshield washer or dry gas will be included. The nonradiator chemicals, however, will slowly increase their space allocations until the

(Continued on page 50)



New Fashion Image Promoted by Danners

INDIANAPOLIS — Danners is changing its image.

The regional discounter based here is using a revamped fashion push in advertising and in its apparel assortment as ammunition against the expanding Wal-Mart chain. Wal-Mart is expected to open in at least one of Danners' markets before Christmas.

The back-to-school circular (above) illustrates the new emphasis on fashion at Danners. The first two pages are devoted to novelty looks in juniors' and misses' tops plus underwear.

This year the chain has traded the newsprint it used to use for some of its circulars for glossy paper. Likewise, the chain has dropped its use of line art in favor of four-color photos of products from every category.

The BTS circular also highlighted Spalding activewear for girls, Wilson coordinates for boys and Runner-up apparel for men. Nike shoes for men and women as well as hard lines items from electronics and furniture were also featured.

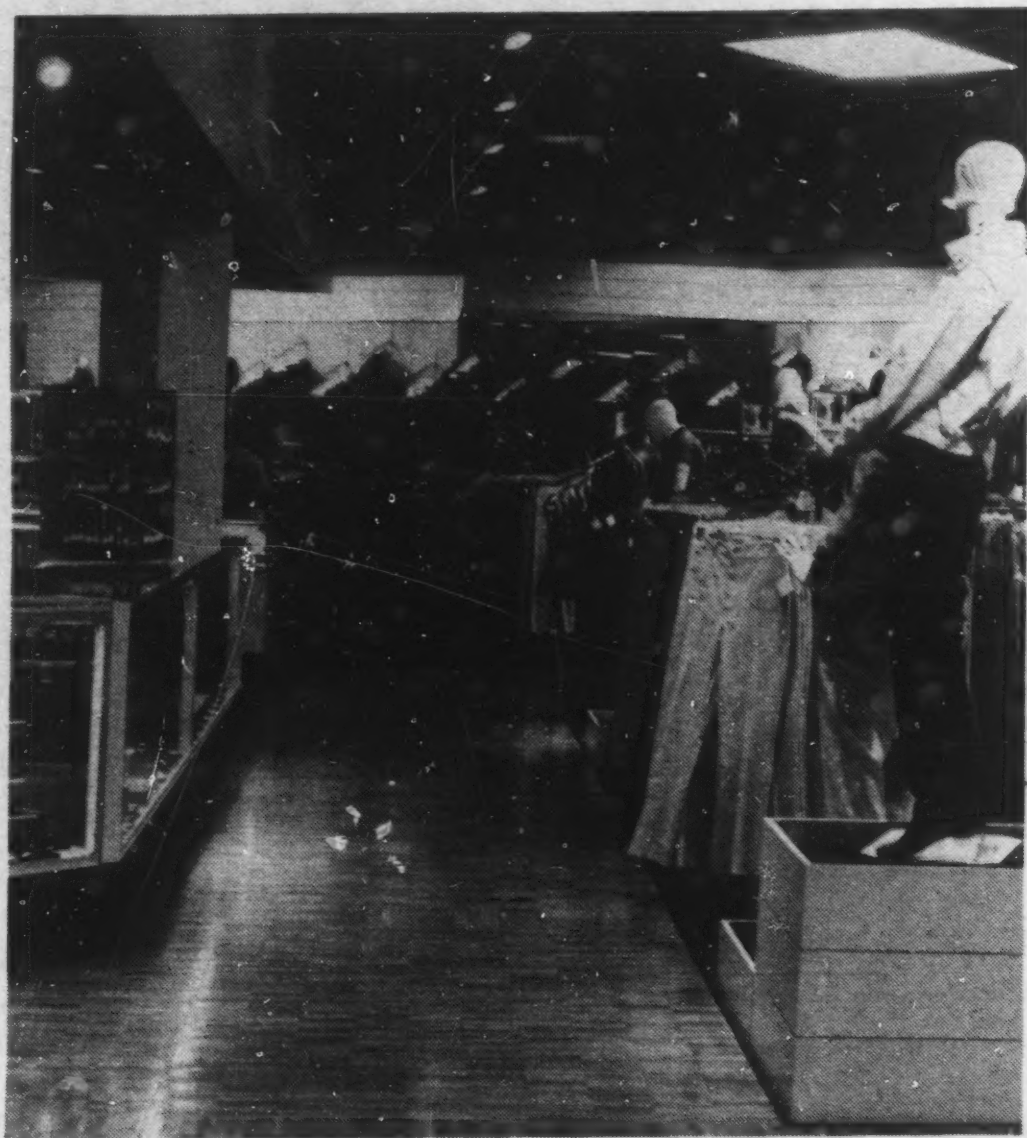
The new look in ads was part of the chain's response to a report filed last year by Danners' in-house task force assigned to evaluate the chain's strengths and those of Wal-Mart. At that time the two Wal-Mart stores in Illinois and one in Indiana started Danners' execs preparing for direct competition with the No. 2 discounter.

A spokesman for Danners said the task force's findings prompted the chain to track down new resources for apparel and design a new prototype store—which debuted this summer in Owosso, Mich.



Chemicals are the leading auto department merchandise category, according to the APAA. Richway's Snellville, Ga., store gives the area more than a 16-ft.-long gondola run in its auto department.

CATALOG SHOWROOM CENSUS



Apparel Invasion Grows

A growing number of catalogers are turning to apparel to draw shoppers. Among the pioneers in this trend is David Weis, which spots clothing across from jewelry in Monaca, Pa.

8 New Bests to Include 1st 2 Milwaukee Stores

RICHMOND — Best Products will invade Milwaukee for the first time with two showrooms this fall as part of a package of eight new units that will boost its store count to 204, the most of any cataloger.

The expansion denotes the commitment of Best's new executive team to the company's core showroom business, while they also act to diversify the \$2 billion into other retailing areas.

The company's new leadership team is headed by Andrew Lewis as board chairman and chief executive officer, with Robert E. R. Huntley as president and chief operating officer.

The showroom operation is now part of the Best retailing group, which also comprises Ashby's ladies' apparel specialty stores and Best Jewelry—its two diversification moves.

Heading the combined retailing operation is Bernard Cohen, with Robert A. Rubinoff as senior vice president-merchandising and Linwood A. (Chip) Lacy as senior vp-marketing.

Best's commitment to expand its showroom business is illustrated by the move into Wisconsin, its 28th state, in November, with the opening of a 52,000-sq.-ft. store in North Milwaukee and a 45,000-sq.-ft. unit in the Brookfield suburb of Milwaukee.

Wisconsin is a relative untapped field for catalogers, without units from any major showroom chain. Six small local operators have a total of eight stores.



Robert E. R. Huntley
president,
Best Products

The cataloger opted to use the Best logo in Wisconsin as it is the largest showroom chain run by the company, and the two stores will be part of Best's Great Lakes region. The other possible logo was LaBelle's, the name of the Best-owned chain in neighboring Minnesota.

Best will print a special edition of its catalog for Wisconsin which won't include reference prices. The state has laws prohibiting comparative pricing.

Even though the LaBelle's logo didn't have an identity in the Milwaukee market, Best is continuing to expand this chain, its second-largest operating

(Continued on page 41)

50 Top Catalogers' Highlights

(Continued from page 3)

Sales Rank	Chain (Hq. and Coordinator)	Showroom \$ Sales* (millions)		\$ Net Profit (millions)		Showrooms		
		Last Completed Fiscal Year	Previous Completed Fiscal Year	Last Completed Fiscal Year	Previous Completed Fiscal Year	As of January 1984	As of December 1984	Openings Projected 1985
11	Brundage (N.C.) (MAI)	50.0	75.0	N.A.	N.A.	19	21	2
12	Sterling Jewelry (Tex.) (Paul Schultz)	78.0	75.0	N.A.	N.A.	5	5	0
13	David Weis (Pa.) (MAI)	75.0	70.0	N.A.	N.A.	11	11	2
14	Ellmans (Ga.)‡ (Independent)	74.5	69.1	1.8	0.9	7	8	1
15	K's Merchandise (Ill.) (Paul Schultz)	70.0	65.0	N.A.	N.A.	7	8	1
16	O. G. Wilson (Tex.)‡ (Independent)	47.9	62.0	N.A.	N.A.	15	17	2
17	E. H. Tepe (Ind.) (Charter)	47.0	45.0	N.A.	N.A.	9	9	1
18	Dahlkemper's (Pa.) (Paul Schultz)	40.0	37.0	N.A.	N.A.	7	7	1
19	Evans (Ind.) (MAI)	40.0	34.7	N.A.	N.A.	4	5	1
20	Fred P. Gattas (Tenn.) (MAI)	36.0	32.0	N.A.	N.A.	6	6	1
21	Alexander's (S.C.) (Charter)	36.0	26.0	N.A.	N.A.	5	6	1
22	Present Co. (N.Y.)‡ (MAI)	30.8	22.6	0.4	0.3	11	14	1
23	Roberts (Pa.) (Charter)	30.0	28.0	N.A.	N.A.	6	6	1
24	Boardman Ltd. (N.Y.) (Independent)	26.0	25.0	N.A.	N.A.	13	13	0
25	Roberts (N.J.) (Paul Schultz)	26.0	24.0	N.A.	N.A.	3	4	1
26	Wilcor (Fla.) (MAI)	26.0	25.0	N.A.	N.A.	4	5	1
27	A. J. Finkbeiner (Ind.) (American)	25.0	22.0	N.A.	N.A.	6	6	0
28	Key Distributing (Ga.) (Paul Schultz)	25.0	24.0	N.A.	N.A.	8	8	2
29	E. H. Tepe (Ind.) (Charter)	25.0	23.0	N.A.	N.A.	7	7	1
30	Witmark (MAI)	24.0	22.0	N.A.	N.A.	6	8	2
31	David Weis (Pa.) (MAI)	23.0	22.0	N.A.	N.A.	4	4	0
32	Arthur's (N.J.) (MAI)	22.0	20.0	N.A.	N.A.	5	5	1
33	Boardman (Calif.) (Independent)	20.0	18.0	N.A.	N.A.	1	1	1
34	Segall & Sons (Ga.) (American)	20.0	17.5	N.A.	N.A.	5	6	1
35	Roberts (N.J.) (Paul Schultz)	18.0	16.0	N.A.	N.A.	5	5	1
36	Save-Rite (R.I.) (MAI)	17.0	16.0	N.A.	N.A.	4	4	0
37	Roberts (Pa.) (Charter)	16.0	15.0	N.A.	N.A.	2	3	0
38	Wilbro (Ala.) (Charter)	16.0	15.0	N.A.	N.A.	5	5	0
39	David Weis (Pa.) (MAI)	15.0	15.0	N.A.	N.A.	3	3	0
40	Rosenbaum's (N.Y.) (Paul Schultz)	15.0	14.0	N.A.	N.A.	4	4	0
41	Boardman (Calif.) (Independent)	15.0	14.0	N.A.	N.A.	2	2	0
42	Masters Merchandise Mart (Fla.)‡ (Jewelcor)	14.0	25.2	(2.3)	(1.4)	22	14	0
43	Roberts (Pa.) (Charter)	14.0	14.0	N.A.	N.A.	3	3	0
44	Paysaver (Mass.)‡ (Jewelcor)	14.0	13.1	0.1	0.04	5	5	1
45	Roberts (Pa.) (Charter)	13.0	12.0	N.A.	N.A.	3	3	1
46	Top Brands (Mo.) (Paul Schultz)	12.0	11.0	N.A.	N.A.	3	3	0
47	Roberts (Pa.) (Charter)	12.0	11.0	N.A.	N.A.	3	3	0
48	Volume Merchandise (Calif.) (American)	12.0	11.0	N.A.	N.A.	4	4	0
49	Roberts (Pa.) (Charter)	11.0	11.0	N.A.	N.A.	3	3	1
50	Miron (N.Y.) (Charter)	11.0	10.0	N.A.	N.A.	3	3	0

*Operating Income. N.A. Not available. ‡Publicly held company. () Loss. *Chain volume estimated by DSN for all privately held companies. *Includes partial-year volume from acquisition of Basco and Modern Merchandising in 1982. *In Canadian dollars, U.S. showrooms results only. *Sales are for Jewelcor and Edison showrooms; operating income represents combined showrooms and Jewelcor Merchandising coordinator results.

Source: DSN research

50 Biggest Chains Speed Growth, Project 87 Openings in 1984

(Continued from page 3)

come a major growth area for catalogers. David Weis, E. H. Tepe and some showrooms operated by the Carlson Cos. conglomerate already merchandise clothing, and H. J. Wilson, the industry's No. 3 chain, is set to test this area in eight stores.

Even small operators are eyeing apparel, with one-show-

room Fleming & Son due to add jeans to its Tupelo, Miss., unit this fall.

The probes into soft goods indicated a recognition among catalogers that future growth will have to come from merchandise areas that showroom chains had eschewed in the past because they didn't lend themselves to the industry's basic

merchandising system: showing items in a catalog that could be purchased by consumers without any concern about whether the size, color or fashion was right.

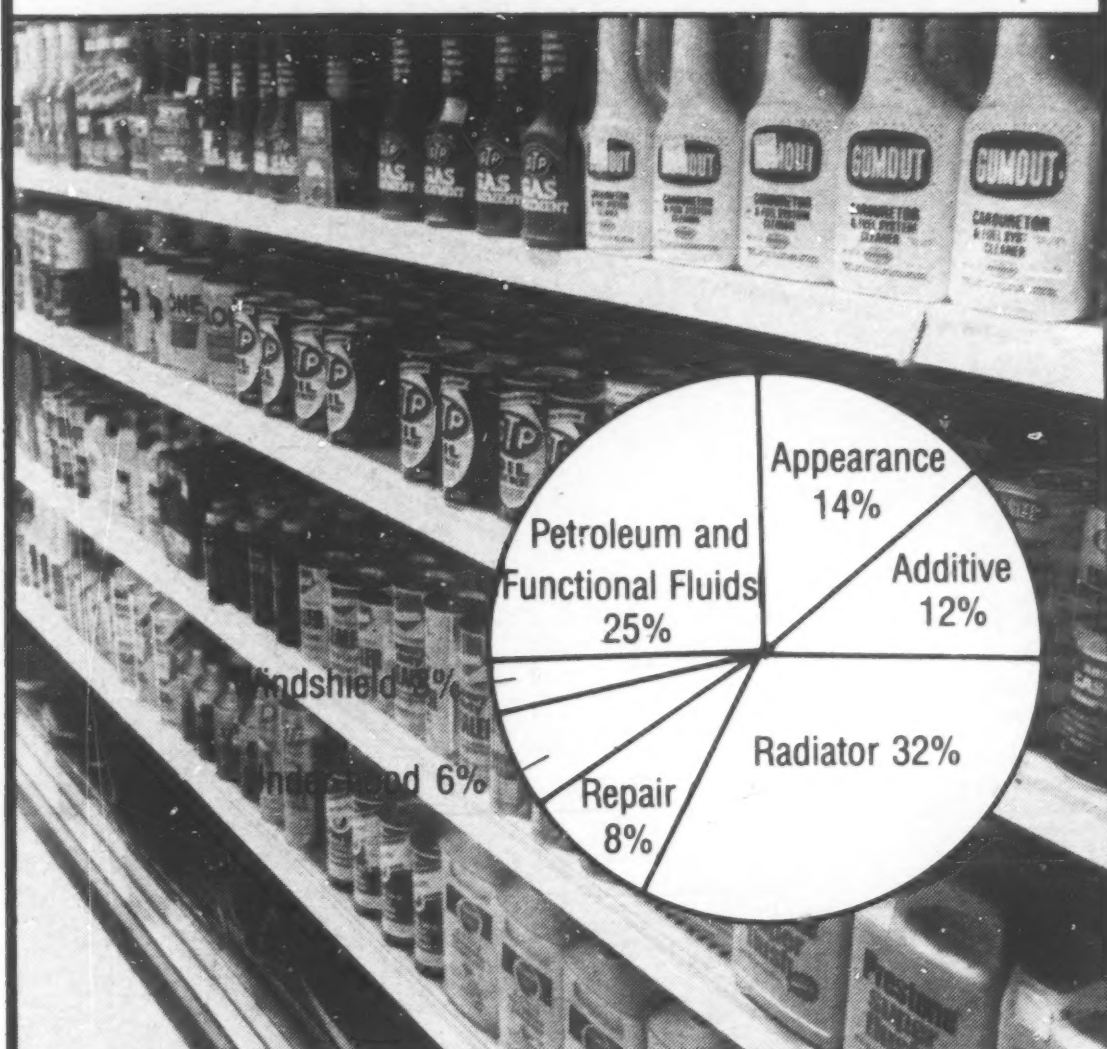
Soft goods are now seen as drawing shoppers in all year long, rather than have traffic so heavily skewed to the holiday fourth quarter, so that show-

rooms' volume will be enhanced. The additional traffic is also expected to boost sales of hard goods due to the greater number of consumers visiting stores.

The industry's two giant chains, Best Products and Service Merchandise, are looking to boost corporate volume another way: diversification.

Best has been expanding Ashby's, an apparel chain, and plans to do the same with Best Jewelers; Service Merchandise plans a major roll-out of Home-Owners Warehouse, a warehouse home center chain, along with much more limited expansion for The Computer Shoppe, The Lingerie Store and Zimm's jewelry/giftware chain.

Wholesale Chemical Item Sales, 1982*



*Through retail outlets.

Source: C. H. Kline & Co.

Auto Chemicals' Wholesale Biz Seen Soaring to \$2.4B in 1987

FAIRFIELD, N.J.—The wholesale value of automotive chemical sales through retail outlets will burst ahead 50% to \$2.4 billion in 1987, up from their 1982 total of \$1.6 billion, projected a recent study by the consulting firm C. H. Kline & Co.

Auto supply stores account for an estimated 20% of category volume, and discounters and department stores another 45%, it estimated.

Kline said driving forces behind chemical sales growth will be increasing do-it-yourself activity, and aging cars on the nation's roads.

Benefiting from these trends, sales of vinyl protectants, tire sealants, touch-up paints, adhesives and sealants are forecast to grow more than 100% by 1987, the firm said.

Other anticipated growth

leaders cited by the study include gasoline and diesel fuel additives, penetrating spray lubricants, and filling and patching compounds.

The market remains dominated by radiator antifreeze and automatic transmission fluid, which together account for more than 40% of total sales. Radiator products as a group generate more than 30% of chemical volume, Kline said, roughly \$496 million at wholesale in 1982 and a projected \$713 million by 1987.

Within this group, flushes and sealers are expected to surge as antifreeze growth flattens because of today's greater number of small cars equipped with small radiators. Approximately 25% of antifreeze is sold under private label, Kline said.

Appearance products' wholesale sales should grow to \$394

million in 1987 from 1982's \$225 million level. Within this category, demand for waxes and polishes should shift toward midpriced premiums and basics between now and 1987, said Kline, citing limited potential of convenience spray and super-premium products.

Vinyl protectants' sales are starting to mature after experiencing a 30% rise during the past five years, Kline added, and should find its growth in household applications.

Gas additives, particularly for diesel fuels, will be a leading growth segment because of higher perceived consumer need and better manufacturer packaging, Kline said. Yet, oil additives will suffer because of improvements in motor oil quality, it added. Additives overall should balloon up to \$283 million in 1987 from 1982's \$184 million level, Kline said.

Performance of repair products, such as touch-up paint and tire sealants, will benefit from improved technology, better packaging and higher prices, said Kline. These trends will contribute to a near doubling of wholesale volume to \$250 million in 1987 from \$128 million in 1982, according to Kline.

Places Bets

Under-hood products, which are characterized by heavy private label efforts on carburetor and choke cleaners, degreasers and starting fluids, will grow to \$146 million in 1987 from \$92 million in 1982, Kline predicted.

Performance of petroleum products and functional fluids, including penetrating sprays and automatic transmission, brake and power steering fluids, remains closely tied to weather conditions yet is projected to show a 46% boost to \$567 million in 1987, compared with 1982's \$389 million, Kline said.

Windshield products, which are largely private label and distributed regionally, should remain the smallest segment of automotive chemicals. Kline projected its 1987 volume at \$62 million compared with \$42 million in 1982.

Scholarship Dinner Is Set For Oct. 8

CHICAGO — The annual Jerry Warner Scholarship Dinner will be held Oct. 8 at the Ambassador West Hotel here.

Proceeds are used to help a catalog showroom industry member send a child or grandchild to college.

The dinner, which will be held on the eve of the fall Housewares Show, will be preceded by a meeting of the National Association of Catalog/Showroom Merchandisers' steering committee.

Dinner tickets cost \$100 each and can be obtained from: Jerry Warner Scholarship, Suite 900A, 276 Fifth Ave., New York, N.Y. 10001; phone: 212-686-9315.

Carlson Promotes Gage to President

MINNEAPOLIS — Carlson Cos., parent of Ardan's (and Yale's) showroom chains, has promoted Edwin (Skip) Gage to president, succeeding Curt Carlson, company founder, who continues as board chairman.

Gage had been executive vice president.



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Valvoline Oil Company, Lexington, Ky. Division of Ashland Oil, Inc.

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